Fayetteville Advertising and Promotion Commission September 27, 2021

Location: Virtual Public Meeting, via Zoom. Register in advance for this webinar.

Commissioners: Katherine Kinney, Chair, Tourism & Hospitality Representative

Todd Martin, Tourism & Hospitality Representative

Chrissy Sanderson, Tourism & Hospitality Representative

Elvis Moya, Tourism & Hospitality Representative

Andrew Prysby, Commissioner at-large Matthew Petty, City Council Representative Sarah Bunch, City Council Representative

Staff: Molly Rawn, Chief Executive Officer; Jennifer Walker, Vice

President of Finance; and Hazel Hernandez, Vice President of

Marketing and Communications

Agenda

- I. Call to order at 2:00 p.m.
- II. Old Business
 - A. Review and approval of August 2021 minutes
- III. New Business
 - A. CEO Report, Molly Rawn
 - B. Financial Report from Jennifer Walker, Vice President of Finance
 - C. Marketing Report presented by Hazel Hernandez, Vice President of Marketing and Communications
 - D. Agenda Additions. Additions to the agenda may be added upon request from a majority of commissioners.
- IV. Announcements
- V. Adjourn

Fayetteville Advertising and Promotion Commission Minutes from August 23, 2021 Virtual Meeting via Zoom

Commissioners Katherine Kinney, Chair, Andrew Prysby, Matthew Petty, Elvis Moya

Present: Todd Martin, Sarah Bunch

Commissioners

Absent:

Chrissy Sanderson

Staff: Molly Rawn, Chief Executive Officer; Jennifer Walker, Vice President of Finance;

and Hazel Hernandez, Vice President of Marketing and Communications

I. Chair Kinney called the meeting to order at 2:02 p.m.

II. Old Business

a. Commissioner Bunch motioned to approve the July 2021 minutes with Commissioner Moya seconding. The minutes were unanimously approved.

III. New Business

a. CEO Report, Molly Rawn

Our total HMR growth over 2020 is 29%, and in comparing it to 2019, we are up by 2.6%. Restaurant sales are up 12% from same time period in 2019 but lodging collections are still down over 8% from 2019. The occupancy rate for July is 61% with an ADR up 26% from last July.

Total AirBnB collections from January to July 2021 is more than \$35,000, more than doubled from 2019. This represents solely AirBnB, not all short-term rentals.

The Visitors Center is up in attendance and we have mask signage up with our team in masks.

The Fayetteville Town Center has begun the repair on the tower roof, with Harness Roofing working on the exterior portion of the repair. Additionally, the RTU 3 HVAC unit is now being installed. We've had a couple of events cancel or postpone due to the increase in the Delta variant. We are requiring masks for our team at the town center and requiring that guests wear masks for indoor events.

Experience Fayetteville Sales – we have had 2 fall conferences, both first time bookings for us, postpone to the spring. We continue to grow partnerships with sports organizations, with a new partnership with Fayetteville Disc Association and Ozark Volleyball Club. Rawn

noted that she received communication today that youth baseball brought in more than 1,700 hotel nights in Fayetteville this summer.

With Cycling, Rawn reported that the Kessler Mountain Jam happened the weekend of August 15th with 150 participants. Joe Martin Stage Race returns this week with the Experience Fayetteville Criteria to be held this Sunday the 29th. We will have the Visitors Center open, let us know if you'd like to join us and watch them ride by.

Planning for our cyclo-cross events is in full swing with the Medalist team in town and meetings with 24 city team members last week from many departments to ensure we're communicating information they need.

With Community Engagement, you may recall we made the call to not hold the August First Thursday and are working to modify our upcoming First Thursday events to spread out elements of this program to make it safer and less hands on. Additionally, we are continuing to work on a proposal for a pilot year of programming in the Fay Jones Woods. Rawn noted that we are working with CACHE on this project.

Rawn then shared an update on her thoughts on a long-term plan for the Walker Stone House property. She and Chair Kinney have been discussing this. Kinney shared that now is a good time to consider and explore what it would mean to put that property up for sale. Kinney noted that it would be beneficial to understand what stipulations we could put on a future buyer and what legalities, options and opportunities we would need to consider as we move forward with discussing this property.

Rawn continued saying we are not pressing for any decisions today but are wanting to introduce the topic of considering selling the property. She stated that over the past 5 years we've produced and hosted some great events and have been good stewards of the home by putting on a new roof, renovating the annex and doing other additive improvements. In the 5 years since we've had the home, we've considered many options for this space and many of them were good ideas but each time the options were not feasible. She would like to determine if the commission is in agreement to sell the home, and if so, that we explore if we can have something akin to an RFP process to ensure that the purchaser of the home doesn't tear it down or begin an activity that isn't additive to our downtown culture. Rawn expressed that she would like to move forward with having a conversation with Vince Chadick, our legal counsel, on what options we have. Chair Kinney asked for questions.

Commissioner Martin stated that as much as he appreciated the history of the Walker Stone House, that he didn't see as core to the A&P's mission of creating economic vitality for Fayetteville's restaurants and hotels and would like to see it become something additive to our downtown. Commissioner Martin wondered if we could move more quickly than just exploring conversations. CEO Rawn answered by stating that she wants to come back in September with information she has learned. Both Commissioner Bunch and Commissioner

Prysby stated that they would appreciate more time to consider options based on what Rawn learns.

Chair Kinney stated that it sounds like the commission would like to move forward with exploring options of finding an appropriate buyer for the home and also learning what legal options we have.

b. Financial Report, Jennifer Walker, VP of Finance

In presenting the financials, Walker stated that you'll see that at the end of July both our expenditure and revenue targets are at 58% and we see our expenditures at 49% and that our revenues are right on target at 58%.

Our year-to-date net income is \$356,000; we're doing really well with keeping expense in line.

Our balance sheet shows that our cash and investments are at \$3.3 million. Our unreserved fund balance is also at \$3.3 million, and that is in addition to our two reserve funds. Commissioner Martin asked if there could be a visual representation of our monthly 2019 HMR collections compared to monthly 2021 and CEO Rawn said they would alter the HMR slide to include 2019.

c. 2020 Financial Audit presentation, Cynthia Burns with BKD

Cynthia began by thanking the A&P for the opportunity to do this audit and thanking the team for quickly getting information to BKD allowing them to conduct this audit. Burns pointed out that both the audit and a communication from BKD was enclosed in the commission's agenda packet. She pointed out that the audit report contained two different opinions she wanted to point out. Because the A&P books are on the regulatory basis of accounting, you'll see you have an unmodified opinion which is the best opinion you can receive. You'll also see an adverse opinion for GAP accounting, strictly because Arkansas allows you to use the regulatory basis of accounting. Burns noted they did not find any issues with the A&P's financials based on the regulatory basis of the accounting.

During the course of the audit, we also look at the internal controls to see if there are any significant deficiencies or material weaknesses of which we found none. We also found no issues with the financial statements and didn't recommend any journal entries. The team did a great job of keeping expenses low during a year when revenues decreased.

Burns discussed the internal controls over financial reporting in relation to the small staff the A&P has. You can have compensating controls to catch any issues that arise, it can be harder to have complimentary controls that would keep things from happening. While none of the items noted rise to the level of being a deficiency to note in your audit report, we want to bring them to the commission's attention that these are being handled through compensating controls to ensure nothing happens. Burns thanked the team and expressed that the team was very helpful in ensuring the audit was conducted thoroughly and timely.

VP of Finance Jennifer Walker clarified that the financials presented in the audit included Cyclo-cross income, so you'll note that the financials are much larger than the normal financial statements that are shared each month which exclude Cyclo-cross as we present those separately.

d. Marketing Report presented by Hazel Hernandez, Vice President of Marketing and Communications

Hernandez pointed out that the numbers she's showing will compare 2021 to 2019 to show a more "apples to apples" picture of marketing. You'll see that new visitors to the website is up 3% and new visitors who are downloading the visitors guide is up 176%.

Traffic channels coming to our domain are almost all showing increases:

Organic Search: Up 26% Paid Search: Up 7%

Social: Up 10% - Ashley Cane, our Marketing Manager, creates really great social media

content which drives people to the website.

Direct: Down 7% - This is because our paid summer flight has ended

Hernandez also shared top key words which included Experience Fayetteville, Fayetteville, AR, Things to Do in Fayetteville and Things to Do in Northwest Arkansas this Weekend. This last key word shows that people are waiting to plan their trip, even to the weekend to see what safe, outdoor activities there are.

- e. Vote. Letter of Credit to Flanders Classic. Authorize CEO to execute a Letter of Credit to Flanders Classics with First Security Bank. CEO Rawn asked VP of Finance Walker to explain this request which is for the World Cup in October. Walker shared with the Commission that Flanders Classic requires that we hold the prize money in a letter of credit. With no questions, we had a motion from Commissioner Martin to give Rawn authorization to move forward with this letter of credit with First Security Bank with a second by Commissioner Moya. Chair Kinney held a roll call vote with unanimous approval.
- f. Vote. PPP Loan Forgiveness Application. Authorize CEO to execute an application for PPP Loan Forgiveness to the SBA through First Security Bank. VP of Finance Walker reminded commissioners that a large purpose of this program was to cover payroll costs so that is why you'll see a majority earmarked for payroll. You'll see that \$232,000 of the \$246,000 are payroll expenses with the remainder being mainly utility costs. We are asking for 100% of forgiveness on this loan balance. With your approval, we will submit this through First Security Bank to the Small Business Administration. With no questions, we had a motion to approve the PPP application from Commissioner Prysby with a second from Commissioner Martin which was unanimously approved with a roll call approval.

g. Agenda Additions. Additions to the agenda may be added upon request from a majority of commissioners. Rawn told commissioners that an orientation commission manual prepared by Amy Stockton was ready for commissioners to either pick up, be held for our next in person meeting or to be delivered.

Chair Kinney stated that we can assume our next commission meeting will be virtual and we'll certainly revisit this if community numbers improve.

With no further agenda items, Chair Kinney adjourned the meeting at 2:57 pm.

Minutes submitted by Amy Stockton, Director of Operations

FAYETTEVILLE

August Activity

\$39,195 + \$267,759

Lodging

Restaurant

\$9,384

Prior Dues Collected

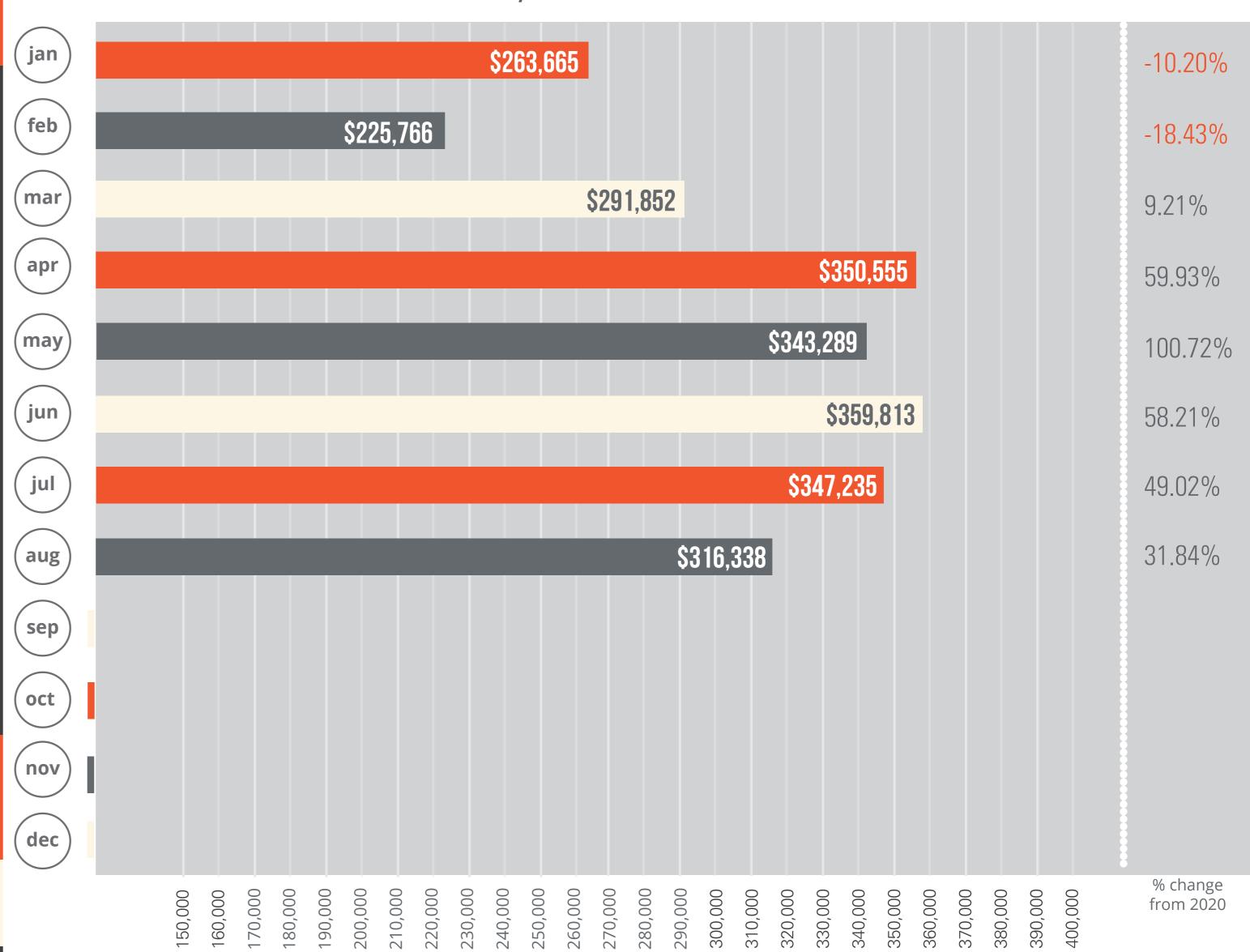
\$316,338

Total HMR Collected

Previous YTD (Jan-Aug) HMR A&P Tax Collection Totals

2017	2018	2019	2020	2021	
\$2,220,355	\$2,322,765	\$2,413,295	\$1,928,236	\$2,498,513	
3.94%	4.61%	3.90%	-20.10%	29.58%	
% change over previous year					

Monthly A&P Tax Collections 2021**



^{**} This represents one half of the total HMR collections. The other half supports the Parks and Recreation department.

Memo



To: Molly Rawn, CEO, Experience Fayetteville

Fayetteville Advertising & Promotion Commissioners

From: Jennifer Walker, VP Finance, Experience Fayetteville

Date: September 10, 2021

Re: Financial Statements – August 2021

This packet contains Experience Fayetteville Financial Statements for the month ended August 31, 2021. The following reports are included in the packet:

- Summary P&L Financials for month ended August 31, 2021
- Balance Sheet for month ended August 31, 2021

Target Budget June - 67%

• Revenue target 67% of budget or higher by the end of August 2021. Expenditures target 67% or lower at August 2021.

Total Revenue YTD: \$2,703,184 or 68%; We are 1% ahead of target.

Tax Receipts - \$2,498,514 (ahead of budget by 5.5% ytd)

Town Center - \$64,829 (note \$85k+ unearned revenue on Balance Sheet)

Other - \$139,841

Total Operating Expenditure YTD: \$2,199,125 or 55%; 11% below budget target.

EF Main - \$1,799,944

Town Center - \$399,182

HMR tax continues to exceed expectations in August Collections (July activity), and YTD collections now exceed budget expectations by 8.8% and \$196,600.

Operating Net Income is \$504,058 year to date.

		CONSOLIDATED Year-to-Date			
_	Actual	Budget	Over/(Under) Budget	% of Budget	
Revenue					
Hotel, Motel, Restaurant Taxes Revenue	2,498,514	3,460,576	(962,062)	72.2%	
Rental Revenue	53,784	350,250	(296,466)	15.4%	
Event Revenue	11,391	37,500	(26,109)	30.4%	
Visitor Center Store Revenue	28,695	45,258	(16,563)	63.4%	
Parking Revenue	10,886	21,500	(10,614)	50.6%	
Advertising Revenue	200	8,000	(7,800)	2.5%	
Other Revenue	82,627	-	82,627	0.0%	
WFF Cycling Coordinator Grant	10,528	31,190	(20,662)	33.8%	
Interest and Investment Revenue	6,559	21,500	(14,941)	30.5%	
Total Revenue	2,703,184	3,975,774	(1,272,590)	68.0%	
Expenses					
Operating Expenses					
Rental Expenses	10,808	68,690	(57,882)	15.7%	
Event Expenses	20,024	73,800	(53,776)	27.1%	
Visitor Center & Museum Store	30,631	41,560	(10,929)	73.7%	
Personnel	756,614	1,329,680	(573,066)	56.9%	
Sales & Marketing	433,055	961,675	(528,620)	45.0%	
Office and Administrative	375,665	593,369	(217,704)	63.3%	
Bond Payments	467,329	707,000	(239,671)	66.1%	
Clinton House Museum	5,000	707,000	5,000	0.0%	
TheatreSquared Contribution	100,000	200,000	(100,000)	50.0%	
Total Operating Expenses	2,199,125	3,975,774	(1,776,649)	55.3%	
		, ,	, , , ,		
Net Operating Income/(Loss)	504,058	-	504,058	0.0%	
Other Income					
Unrealized Gain/(Loss) on Investments	321,861			0.0%	
Other Expenses					
FFE & Improvements	93,902	155,000	(61,098)	60.6%	
Depreciation Expense	93,334	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	(= /===/	0.0%	
Cost of Goods Sold	(4,268)			0.0%	
Net Income/(Loss) (without Cyclocross Grants)	642,952	(155,000)	476,091	-414.8%	
			-		
Net Income/(Loss) for Cyclocross Events	1,703,244				
Total Net Income/(Loss)	2,346,196				

	Experience Fayetteville Year-to-Date			
	Actual	Budget	Over/(Under) Budget	% of Budget
Revenue				
Hotel, Motel, Restaurant Taxes Revenue	2,498,514	3,460,576	(962,062)	72.2%
Event Revenue	11,962	26,500	(14,538)	45.1%
Visitor Center Store Revenue	28,695	45,258	(16,563)	63.4%
Advertising Revenue	200	8,000	(7,800)	2.5%
Grant Revenue (Cycling Coord / DSAC)	93,155	31,190	61,965	298.7%
Interest and Investment Revenue	5,829	19,000	(13,171)	30.7%
Total Revenue	2,638,355	3,590,524	(952,169)	73.5%
Expenses				
Operating Expenses				
Event Expenses	17,328	62,800	(45,472)	27.6%
Visitor Center & Museum Store	30,631	41,560	(10,929)	73.7%
Personnel	562,200	910,718	(348,518)	61.7%
Sales & Marketing	432,031	942,375	(510,344)	45.8%
Office and Administrative	185,424	302,799	(117,375)	61.2%
Bond Payments	467,329	707,000	(239,671)	66.1%
Clinton House Museum Contribution	5,000	-	5,000	0.0%
TheatreSquared Contribution	100,000	200,000	(100,000)	50.0%
Total Operating Expenses	1,799,944	3,167,252	(1,367,308)	56.8%
Net Income/(Loss) Before Other Revenue and Expenses	838,412	423,272	415,140	198.1%
Other Income				
Unrealized Gain/(Loss) on Investments	321,861	-	321,861	0.0%
Other Expenses				
FFE & Improvements	-	15,000	(15,000)	0.0%
Depreciation Expense	50,222			
Cost of Goods Sold	(4,268)			
Net Income/(Loss)	1,114,319	408,272	384,186	272.9%

	Town Center Year-to-Date			
	Actual	Budget	Over/(Under) Budget	% of Budget
Revenue				
Rental Revenue	51,356	350,250	(298,894)	14.7%
Event Revenue	1,856	11,000	(9,144)	16.9%
Parking Revenue	10,886	21,500	(10,614)	50.6%
Interest and Investment Revenue	730	2,500	(1,770)	29.2%
Total Revenue	64,829	385,250	(320,421)	16.8%
Expenses				
Operating Expenses				
Rental Expenses	9,391	68,690	(59,299)	13.7%
Event Expenses	4,113	11,000	(6,887)	37.4%
Personnel	194,414	418,962	(224,548)	46.4%
Sales & Marketing	1,024	19,300	(18,276)	5.3%
Office and Administrative	190,240	290,570	(100,330)	65.5%
Total Operating Expenses	399,182	808,522	(409,340)	49.4%
Net Income/(Loss) Before Other Revenue and Expenses	(334,353)	(423,272)	88,919	79.0%
Other Expenses				
FFE & Improvements	93,902	140,000	(46,098)	32.9%
Depreciation Expense	43,111			
Net Income/(Loss)	(471,367)	(563,272)	91,905	83.7%

		Cyclocross Events Year-to-Date			
	Actual	Budget	Over/(Under) Budget	% of Budget	
Revenue					
Other Revenue					
Cyclocross Grant Funds	2,200,000	675,000	1,525,000	325.9%	
Cyclocross Events Revenue	-	288,500	(288,500)	0.0%	
Interest and Investment Revenue	1,571	3,000	(1,429)	52.4%	
Total Revenue	2,201,571	966,500	1,235,071	227.8%	
Expenses					
Operating Expenses					
Contract Labor	1,200	-	1,200	0.0%	
Marketing	6,022	-	6,022	0.0%	
Office and Administrative Expenses	36,833	2,500	34,333	1473.3%	
Cyclocross Events	454,272	1,342,089	(887,817)	33.8%	
Total Operating Expenses	498,328	1,344,589	(846,261)	37.1%	
Net Income/(Loss)	1,703,244	(378,089)	2,081,333	-450.5%	
Grant Carry-Forward	766,069				
Cumulative Net Income / (Loss)	2,469,312				

Fayetteville A&P Commission Balance Sheet

As of August 31, 2021

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ASSETS			
Current Assets			
Cash			4,331,294
Investments			1,164,857
Accounts Receivable			335,863
Prepaid Expenses			39,891
Deposits			30,617
Visitors Guide Trade			3,052
Inventory Asset		<u>-</u>	16,334
Total Current Assets			5,921,909
Other Assets			
Capital Assets			
Furniture & Fixtures		96,641	
Equipment		498,597	
EF/CVB Building		940,410	
EF/CVB Land		198,621	
Building Additions		971,952	
Walker-Stone House		1,167,218	
Accumulated Depreciation		(1,314,614)	
Total Other Assets		-	2,558,824
TOTAL ASSETS		:	8,480,733
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts Payable		78,125	
Unearned Revenue		153,469	
PPP Loan Payable		245,900	
Total Liabilities			477,494
Equity			
Unreserved Fund Balance		3,280,660	
Operating Reserve		1,000,000	
Capital Reserve		1,000,000	
Temporarily Restricted Funds		376,383	
Net Revenue			
Gain/(Loss) on Investments	321,861		
Net Revenue without Cyclocross	321,091		
Net Revenue for Cyclocross	1,703,244	2,346,196	
Total Equity			8,003,239
TOTAL LIABILITIES AND EQUITY		<u>-</u>	8,480,733

SPARTAN TRAIL WORLD CHAMPIONSHIP PROMOTIONAL MATERIALS

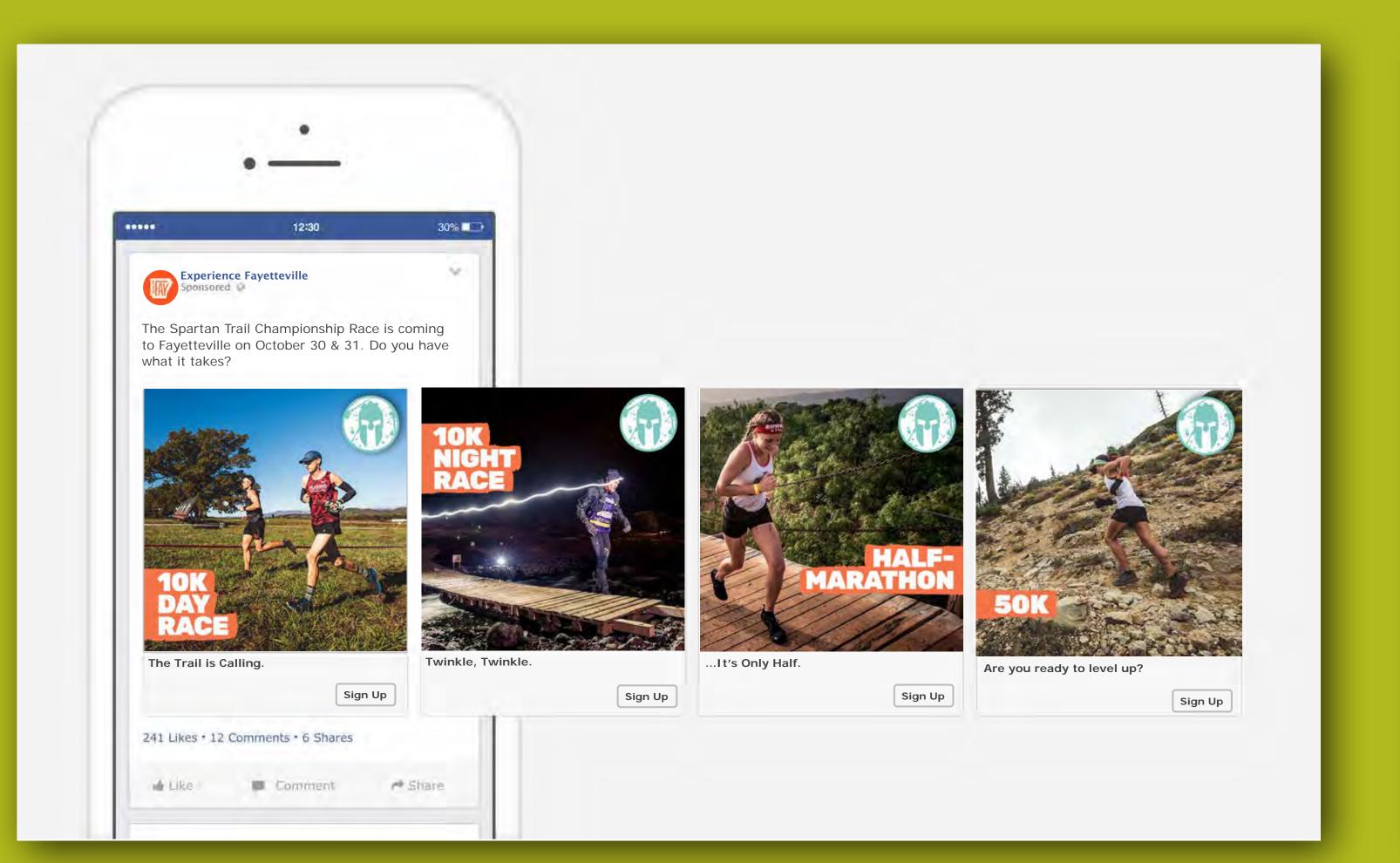


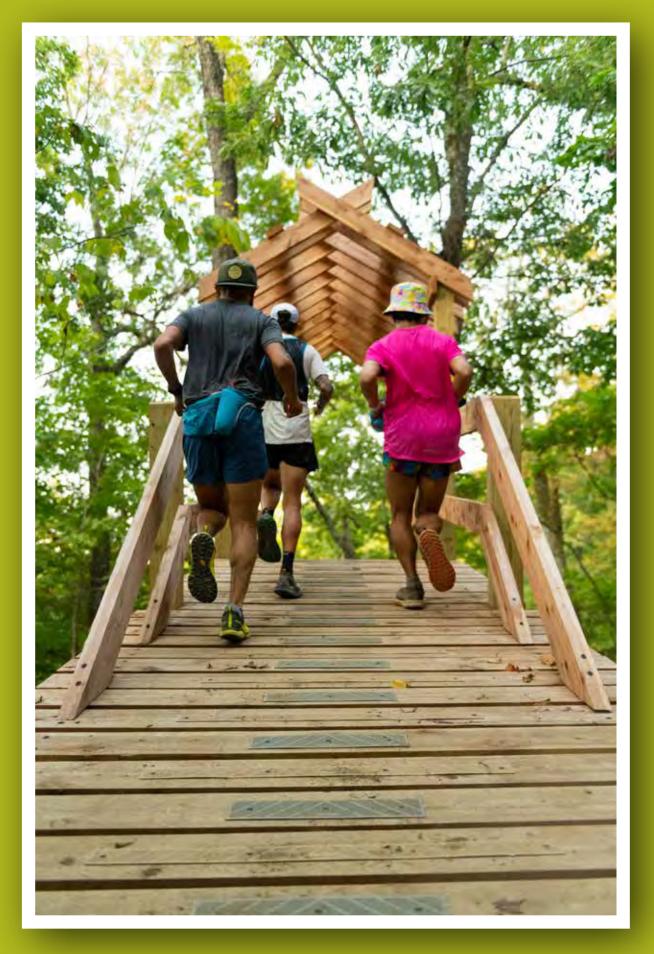








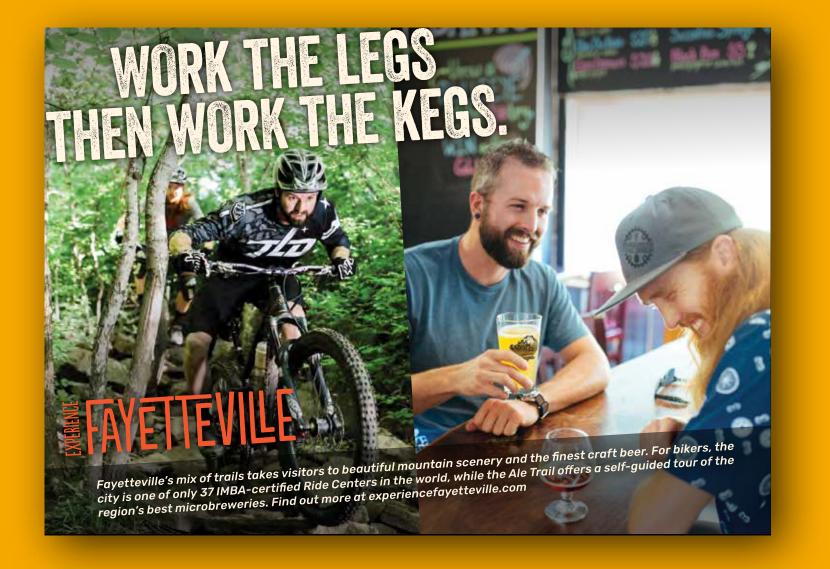




CX WORLD CUP PROMOTIONAL MATERIALS















WORLD-CLASS
CYCLING
IS COMING.



THE WORLD'S
BEST
CYCLO-CROSS
RIDERS.



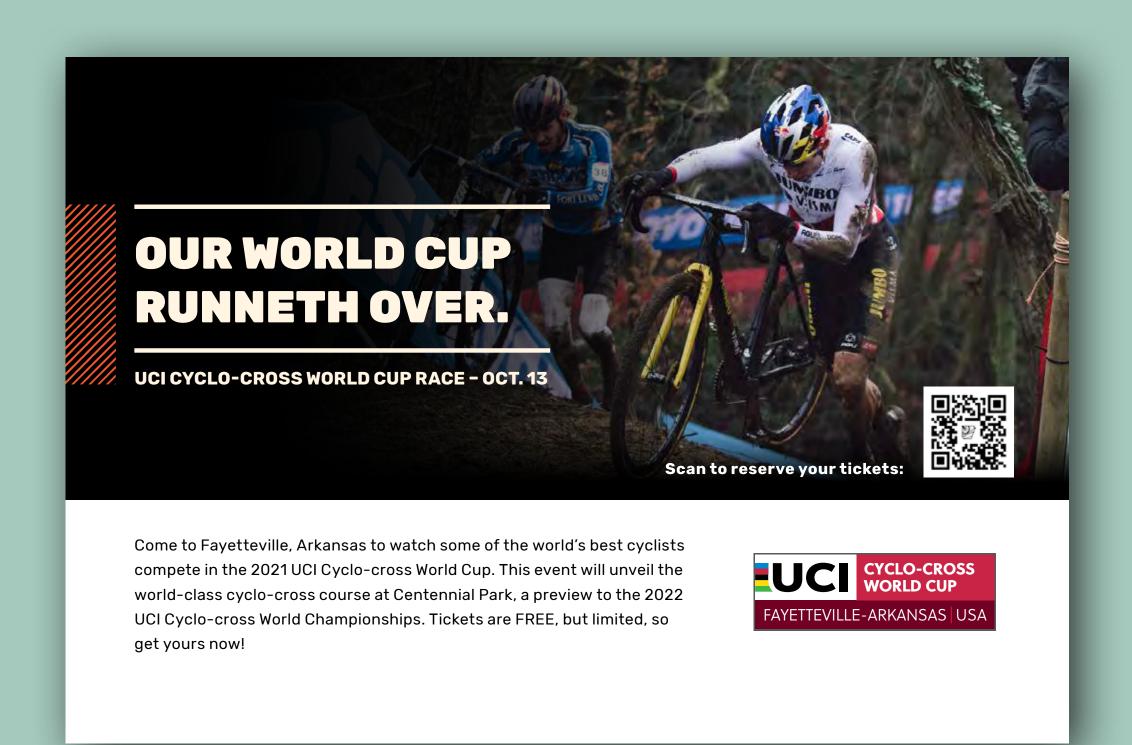
JOIN US ON OCT. 13 FOR THE WORLD CUP.





CX WORLD CUP TICKETS PROMOTIONAL MATERIALS





2021 UCI CYCLO-CROSS WORLD CUP MEDIA KIT



FAQ

WHAT IS CYCLO-CROSS?

WHY DOES IT MATTER?

Eyes from around the world will be on Fayetteville

The fastest growing discipline in cycling, cyclo-cross

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2021 UCI CYCLO-CROSS WORLD CUP SCHEDULE

TUESDAY OCT. 12 12:30-2:00 2:00-4:00 4:00-5:00 5:15-5:45 COURSE INSPECTION
OFFICIAL TRAINING
RIDERS' CONFIRMATION
TEAM MANAGERS' MEETING

WEDNESDAY OCT. 13 1:00-1:40 1:40-3:00

3:05-4:20

OFFICIAL TRAINING
UCI CYCLO-CROSS WORLD CUP,
WOMEN ELITE RACE & AWARDS CEREMONY
UCI CYCLO-CROSS WORLD CUP,
MEN ELITE RACE & AWARDS CEREMONY
All Events Central Standard Time

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LAMOR WILLIAMS





